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Phoenix, AZ 85007

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JUL 15 2004

**Re: Proposed Amendments to the Office of Pipeline Safety Rules
Docket No. RG-00000A-04-0169**

DOCKETED BY

CAH

To Whom It May Concern:

El Paso Pipeline Group (El Paso) has reviewed the Staff's proposed amendments to the Arizona Pipeline Safety regulations. El Paso respectfully submits the following comments on the amendments to A.A.C. R14-5-202, Subsection O, and new Subsection S, outlined in the recommended decision in Docket No. RG-00000A-04-0169.

After participation by our Dennis Lloyd in an informal meeting on July 7, 2004 with Terry Fronterhouse and John Ivey (ACC/OPS Staff) it is our understanding that some progress was made with regard to certain concerns El Paso has with the proposed regulation amendments to the Arizona Administrative Code (A.A.C.). Our comments concern two subsections of the proposed regulations.

Subsection O

We can find no technical justification for the revision to this Subsection that would apply the same requirement for shading to coated steel piping that is applicable to plastic piping as coated steel piping has very different material properties than plastic pipe. Further, the proposed language seems to offer no alternatives for protection of underground pipeline systems during installation other than to surround the installed pipe with a minimum of 6 inches of sandy type soil. The proposal neither makes a case for why existing regulations do not provide for an adequate level of pipeline safety, nor does it indicate why the revisions are necessary. The Notice of Proposed Rulemaking indicates that this revision should have no impact; however, hauling in fill dirt to meet this new requirement could add substantial cost per mile to the installation of underground pipe. El Paso believes that CFR 49, Part 192.319 provides adequate direction for protection of steel transmission pipelines installed in a ditch.

It is our understanding that as a result of the July 7 meeting additional language has been proposed by ACC staff to resolve this concern. The proposed language is; *"Steel pipe shall be installed with bedding and shading, free of any debris or materials injurious to the pipe coating, unless otherwise protected as allowed by federal regulation or approved by OPS."* El Paso can support this or similar language provided there is mutual understanding between operators and commission staff about the meaning of the language.

New Subsection S

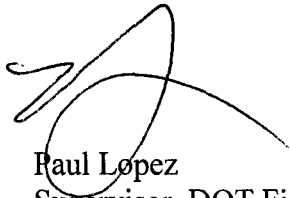
El Paso has at least two concerns with this proposed new regulation subsection:

1. The language; "...failed for any reason other than observable corrosion or third party damage," is a somewhat ambiguous statement and places the operator at risk if the Arizona Office of Pipeline Safety is not notified on virtually every occasion that pipe is removed. Does "failed" mean any leak. If so, must all leaks be reported within two hours of removal of the "failed" segment. This appears to present additional reporting requirements.
2. El Paso agrees that the Arizona OPS should be given an opportunity to witness the laboratory testing of pipelines involved in an incident and should have some determination for an alternate testing facility if it is discovered that the operators facilities are not appropriate or that the testing cannot take place in a timely fashion, however to do this in every case without regard to the ability of the operator to satisfy the testing requirements is neither cost effective nor expedient.

Because these two subsection changes/additions are not required for conformance with any federal regulatory revisions, El Paso strongly recommends that action on these proposals be deferred until after El Paso and other affected operators can meet with the ACC/OPS Staff in the workshop process to discuss alternative language.

El Paso appreciates the opportunity to comment on this Notice of Proposed Rulemaking, and we look forward to continuing to work with the Commission in matters related to our mutual interest in matters affecting pipeline safety. If you have any questions or would like to discuss this information further, please contact me at 719.520.4339. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Lopez', with a large, stylized loop at the end.

Paul Lopez
Supervisor, DOT Field Compliance
El Paso Pipeline Group